

2021 Investment Climate Statements: Angola

EXECUTIVE SUMMARY

Angola is a lower middle-income country located in southern Africa with a population of 32.9 million, a per capita income of USD 2,021. It saw its GDP drop to USD 62.72 billion in 2020 from USD 89 billion in 2019, according to International Monetary Fund (IMF) estimates. Angola was scheduled to graduate from lower middle-income country to middle income country status in February but secured a three-year extension on the eve of its graduation. Angola is a member of the Organization of the Petroleum Exporting Countries (OPEC) and maintains second position in oil production in sub-Saharan Africa after Nigeria with 1.2 million barrels per day. However, Angola has also experienced five years of consecutive economic recession since 2016, during which time it fell from the region's third-largest economy to eighth in 2020.

In 2020, Angola saw its macroeconomic situation deteriorate with the unexpected COVID-19 pandemic and the plunge in crude oil prices compounding the country's ongoing economic crisis and giving President Lourenço's economic reforms a serious blow. This further diminished the country's ability to reverse consecutive recessions and underscored the need to diversify the economy away from oil and gas. In response, the Angolan government (GRA) implemented a stimulus plan including social assistance measures and increased spending on health. Angola shut down international travel and carried out other strict countermeasures by June 2020, and to date, Angola has had relatively low numbers of both confirmed COVID-19 cases and deaths, raising hopes that the country will be able to avoid the impact of widespread cases.

Public debt soared to an estimated 120.3% of GDP in 2020, fueled by the depreciation of the kwanza and falling oil prices, but the implementation of debt reprofiling agreements and extension of the Debt Service Suspension Initiative should help reduce the risk of over-indebtedness. Inflation increased from 17.1% in 2019 to 21% in 2020. The Central Bank (BNA) has attempted to sustain the liberalization of the local currency, guarantee its stability, and control inflation while signaling more restrictive monetary policy to fight inflationary pressures.

The banking sector remains fragile with a credit appetite that prioritizes government over private sector led economic growth. The restructuring of two troubled banks is still ongoing. The Angolan authorities remain committed to implementing the three-year reform program supported by the IMF. The authorities also affirmed their commitment to improve governance and fight corruption.

Foreign direct investment increased by USD 2.59 billion in 2020 according to Angola's Central Bank (BNA). The GRA did not engage in any significant activities that undermined U.S. investment. Due to the pressure to create jobs and spur economic growth, the GRA pursued structural reforms in 2020 aimed at assuring investors of a clean and transparent environment for investment. Recently a law permitting public-private partnership initiatives was passed and a revised Public Procurement Law and Portal were also introduced.

However, to curb the fast depletion of international foreign exchange reserves, the GRA introduced the local production Program to Support the Production, Diversification of Exports, and Substitution of Imports (PRODESI) in July 2020. PRODESI may constitute a non-tariff barrier to trade with American companies (the largest exporters of chicken quarters into Angola). In addition to PRODESI is a new local content law that passed in October 2020 which prioritizes Angolan human resources over expatriate labor, as well as the sourcing of raw materials and services from local companies for companies operating in Angola's oil and gas sector.

Angola ranked 177 out of 190 in the 2020 World Bank's *Doing Business* rankings. The business environment remains challenging for investors, particularly for carrying out overseas transfer of remuneration, payment for imports of goods and services, and payment of dividends. Angola is transitioning services provided by public institutions to the digital environment and working to reduce waiting periods and costs. The time required to obtain a building permit decreased from 373 days to 184 and the GRA has ended the public deed and tax obligations to start a business. The government also introduced a "one stop shop," the Guiche Online Portal, in 2020, to improve the procedures for opening a business and the ASYCUDA platform to make customs clearances more efficient.

The fight against corruption and impunity provided investors a sense of security after several top government officials and the former President's son were tried and sentenced to years in prison. The new penal code approved in February 2021 also increased the penalties for economic crimes to a maximum of 14 years to discourage corruption.

Energy and power, construction, and oil and gas are key sectors that have historically attracted significant investment in the country. However, as the country seeks to diversify the economy beyond the oil sector, public transportation, tourism, alternative energy, extractives, agriculture, fisheries, telecoms, and ports rehabilitation and management all hold potential as sectors for new investment.

Key Issues to Watch:

- Angola is undergoing a process of privatizing over 195 state-owned assets, including those recovered from the fight against corruption. Foreign investors are encouraged to participate in the tenders.
- Increased openness to competition in the private sector as well as due diligence in the acquisition of state-owned assets and assets previously belonging to PEPs listed in the privatization program.

- Angola continues to benefit from a relatively stable and predictable political environment compared to its neighbors. However, mounting economic hardship and social discontent could cause the wave of demonstrations to continue.

| Measure | Year | Index/Rank | Website Address |
|--|------|-------------------|---|
| TI Corruption Perceptions Index | 2020 | 142 of 180 | https://www.transparency.org/en/cpi/2020/index/ |
| World Bank's Doing Business Report | 2020 | 177 of 190 | http://www.doingbusiness.org/en/rankings |
| Global Innovation Index | 2020 | Not listed of 129 | https://www.globalinnovationindex.org/analysis-indicator |
| U.S. FDI in partner country (\$M USD, historical stock positions) | | USD | |
| | 2019 | 254million | https://apps.bea.gov/international/factsheet/ |
| World Bank GNI per capita | 2019 | USD 2960 | http://data.worldbank.org/indicator/NY.GNP.PCAP.CD |

1. Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

Although the GRA demonstrated political will to significantly increase foreign direct investment (FDI), Angola remains a difficult operating environment for investment to thrive. FDI remains low, volatile, and largely concentrated in the extractives sector. The GRA continues to pursue an ambitious plan to reform the business and investment environment. The Private Investment Law (“PIL”) introduced in 2018 has proven to be slow to promote FDI and retain investment. At the end of May 2020, the Economic Committee of the Council of Ministers gathered to discuss some changes to the PIL, with a particular focus on attracting foreign investment through a mechanism to negotiate benefits and special conditions depending on the specific project. There have been, however, no legislative changes related to foreign direct investment since the enactment of the 2018 PIL and the Competition Law of 2018.

President João Lourenço implemented economic reform policies that provide a level playing field for domestic and foreign investors and leveraged efforts to combat and deter corruption and money laundering. Foreign investors were also encouraged to participate in the ongoing Privatization Program designed to privatize over 195 State-Owned Enterprises (SOES) by 2022. AIPEX, the country's Private Investment and Export Promotion Agency is billed as the investors 'one stop shop' for business establishment. AIPEX is tasked with facilitating investment and is also supposed to manage the state's investment portfolio to ensure the equitable implementation of the PIL and distribution of private investment, especially foreign investment. Theoretically the country prioritizes investment retention, but it does not appear to have institutional capacity to pursue and advocate for investment retention.

Limits on Foreign Control and Right to Private Ownership and Establishment

The 2018 PIL establishes the general principles and basis of private investment in Angola, determining the benefits and concessions that the GRA grants private investors and the criteria for accessing them, as well as establishing rights, duties and guarantees of private investors. The PIL is applied to private investments of any value, whether it is carried out by domestic or foreign investors, although waivers may exist under a bilateral agreement framework. Companies incorporated in conformity with the Angolan law, even with capital from abroad are, for all legal purposes, subject to the existing Angolan legislation. After the completion of a private investment project, foreign investors have the right, after approval by the GRA and settlement of taxes, to transfer abroad:

- a. Values corresponding to dividends;
- b. Values corresponding to the proceeds of the liquidation of their enterprises;
- c. Values corresponding to due compensations;
- d. Values corresponding to royalties or other earnings of remuneration from indirect investments, associated with the transfer of technology.

These processes are very bureaucratic and tedious. Foreign investors and companies with majority foreign ownership are only eligible for domestic credit after having fully implemented their respective investment projects.

On October 20, 2020 Presidential Decree No. 271/20, revoking Order No. 127/03, of 25 November 2003, was published, approving the new Legal Framework on Local Content in the Oil Sector. The statute aims to promote economic diversification, the participation of local businesses in the oil sector, the increase of domestic production and reduction of imports of goods for the sector, as well as the creation of employment and increased training of Angolans in the oil industry workforce. The statute establishes new rules on 'Angolanization' and procurement of goods and services for the sector, which will have a significant impact on company activities. For example, priority will be given to procurement of nationally produced goods and services, especially the obligation to contract Angolan companies included in the database approved by the National Oil, Gas and Biofuels Agency (ANPG). In addition, all companies operating in any segment of the petroleum-sector value chain will be required to present an annual local content plan to the ANPG. Failure to comply with the rules established in the new statute will result in fines in local currency to the equivalent of between USD 50,000 and USD 300,000. Additional penalties may also be applied, such as barring companies from entering new contracts or operating altogether.

Although the GRA eliminated the 35 percent local content requirement in foreign investment and encourages foreign companies to invest in the domestic economy, some FDI screening processes continue. Foreign ownership remains limited to 49 percent in the oil and gas sector, 50 percent in insurance, and 10 percent in the banking and telecommunications sectors, though there have been some exceptions recently in which the foreign investment goes beyond the limit. There are several objectives that the GRA seeks to accomplish through its FDI screening processes: 1) create jobs for Angolans or transfer expertise to Angolan companies as part of an "Angolanization" plan; 2) protect sensitive industries such as defense and finance; 3) prevent capital flight or other behavior

that could threaten the stability of the Angolan economy; and 4) diversify the economy and increase competitiveness of local industries.

Other Investment Policy Reviews

Angola has been a member of the World Trade Organization (WTO) since 1996. The WTO performed a policy review of Angola in September 2015. At the government's request, the last Investment Policy Review (IPR) of Angola's business and economic environments was completed on September 30, 2019 by the United Nations Conference on Trade and Development (UNCTAD) of Angola's. The IPR was part of a broader EU funded technical assistance project aimed to assist Angola in attracting and benefitting from FDI beyond the extractives industry and to support the GRA's objective of increasing economic diversification and sustainable development. The full report and policy recommendations are accessible at: https://unctad.org/en/PublicationsLibrary/diaepcb2019d4_en.pdf

The review identified remaining policy gaps and bottlenecks, including the complex system for FDI entry and establishment, burdensome operational regulations, the persistence of restrictive business practices and a lack of institutional capacity and coordination. These affect the country's ability to fully take advantage of its strategic location, abundant natural resources, and preferential access to external markets.

The Review also devoted special attention to investment in agribusiness and its contribution to sustainable development. It calls for measures to foster responsible investment and promote inclusive modes of production in agriculture. The recommendations emphasize the need to strike a policy balance between food security and export development objectives, improve access to land and infrastructure, and promote entrepreneurship and skills development.

Business Facilitation

The World Bank *Doing Business 2020* report ranked Angola 177 out of 190 countries and recorded an improvement in Angola's monitoring and regulation of power outages, and in facilitating trade through the implementation of an automated customs data management

system, ASYCUDA (Automated System for Customs Data) World, and by upgrading its port community system to allow for electronic information exchange between different parties involved in the import/export process. To commence a business, investors typically register with the General Tax Administration (AGT) Social Security Institute (INSS), National Press, and a local bank. Launching a business typically requires 36 days, compared with a regional average of 27 days, with Angola ranked 146 out of the 190 economies evaluated.

The Covid-19 pandemic highlighted the urgency of trade facilitation reform to improve competitiveness in non-oil business sectors. With this, export procedures in the country cost USD 240 and take 98 hours, compared to an average of USD 173 and 72 hours for sub-Saharan Africa. Many of the reforms necessary to improve conditions for Angolan businesses, such as automating customs procedures or creating a single window, are addressed by the World Trade Organization's Trade Facilitation Agreement, which Angola ratified in April 2019. To facilitate opening, changing, or closing a company, the Guiche Único de Empresas one stop shop for investors (GUE) was folded into the Private Investment and Export Promotion Agency (AIPEX) in 2019. It combines the main public services for constitution of companies, GUE and AIPEX, allowing the investor to open and register companies and be able to access the tax benefits and other incentives resulting from the Private Investment Law.

On October 19, 2020, to facilitate the establishment of businesses and as a COVID-19 imposed biosafety measure, the GRA simplified procedures by creating an online registration portal for companies (www.gue.gov.ao). The online portal will allow for faster registry of companies (taking only 30-60 minutes) and replace the publication of the company registry in the Gazette (Diário da República), a procedure that took more than five days. There is still the option to set up a company in person, which is estimated to also take as little as 30 minutes to an hour. The cost to establish a sole proprietorship is USD 16 dollars and USD 54 for partnerships, corporations, and other entities. Payments are also made electronically.

In April 2020, to simplify bureaucracy and in anticipation of the economic slowdown eventually caused by COVID-19, the GRA proposed revoking the procedure for issuing business licenses for all economic activities and requiring companies to carry out statistical registration in the act of incorporation. With the abolition of the Company License Document (a commercial permit) and Statistical Registration, to begin business activities, companies need to register their activity with the local administration office. The office will issue an electronic operating license. Some exclusions from this regime are foreseen, such as those related to the trade in foodstuffs, live plant species, animals, birds and fisheries, medicines, car sales, lubricants and chemicals. For these sectors, a physical license is still required as they are considered high risk economic activities which may affect human, animal, environmental and state safety.

The state-run private investment and export promotion agency's website is <http://www.aipex.gov.ao/PortalAIPEX/#!/> . Contact Information: Departamento de Promoção e Captação do Investimento; Agencia de Investimento Privado e Promoção de Investimentos e Exportações de Angola (AIPEX). Rua Kwamme Nkrumah No.8, Maianga, Luanda, Angola Tel: (+244) 995 28 95 92| 222 33 12 52 Fax: (+244) 222 39 33 81.

Outward Investment

The Angolan Government does not promote or incentivize outward investment, nor does it restrict Angolans from investing abroad. Investors are free to invest in any foreign jurisdiction. According to data from the BNA, in 2018, the government did not invest abroad but received returns on previous investments abroad.

Domestic investors prefer to invest in Portuguese-speaking countries, with few investing in neighboring countries in Sub-Saharan Africa. The bulk of investment is in real estate, fashion, fashion accessories, and domestic goods. Due to foreign exchange constraints, there has been very little or no investment abroad by domestic investors. Although investing in real estate is cheaper abroad, a few invest in real estate domestically. The average Angolan invests in affordable investments with quick returns.

2. Bilateral Investment and Taxation Treaties

Angola is party to several investment related treaties and conventions. It has 40 trade agreements signed with more than 30 countries, mainly the Southern African Development Community (SADC) states, in areas such as trade and investment, human capacity development and technical assistance. In the Americas, Angola has a trade and investment framework agreement with the United States, as well as agreements with Argentina, Cuba and Ecuador. In Europe, agreements exist with Spain, Russia, Hungary, Portugal, Germany, the Czech Republic, and Romania. Agreements in Asia are with South Korea, India, China and Vietnam. Israel is the only Middle Eastern country with a trade agreement with Angola.

On April 28, 2020, Angola ratified the African Continental Free Trade Area Agreement (AfCFTA) which entered into force on May 30, 2019. The AfCFTA is a continent-wide free-trade agreement brokered by the African Union (AU) previously scheduled to commence in July 2020, now postponed due to the COVID-19 pandemic. The agreement aims to facilitate imports and exports among member countries – with lower or no tariffs, free access to the market and market information, and the elimination of trade barriers – and offer numerous benefits to SMEs.

Angola has bilateral investment agreements in force with Cabo Verde, Germany, Italy, and Russia. Angola has also signed agreements with Portugal, South Africa, Spain, Brazil, France, and the United Kingdom, but these agreements have not yet entered into force. A list of current bilateral investment treaties and their status can be found on the UNCTAD website.

In May 2009, Angola signed a Trade and Investment Framework Agreement (TIFA) with the United States, intended to provide a forum to address trade issues and to help enhance trade and investment relations between the two countries. The first meeting of the TIFA

Council under this agreement took place in June 2010 with the most recent meetings in 2015 and 2016 at the working level focused on a development plan, AGOA market access, and strategies to improve the business climate, but with limited engagement by the Angolan government under the then Minister of Commerce. Subsequent Ministers of Commerce have requested formal consultations under our TIFA Agreement.

Angola does not have a bilateral taxation treaty with the United States, but the government has entered the Foreign Account Tax Compliance Act (FATCA) into force ensuring that Angolan financial institutions report to the IRS information on financial accounts held by U.S. taxpayers. Angola has bilateral taxation treaties with, Brazil, Cabo Verde, China, Germany, Italy. It has signed bilateral tax treaties with Portugal, Russia and the United Arab Emirates but these are not in force.

3. Legal Regime

Transparency of the Regulatory System

Angola's regulatory system is complex, vague, and inconsistently enforced. In many sectors, no effective regulatory system exists due to a lack of institutional and human capacity. The banking system is slowly beginning to adhere to International Financial Reporting Standards (IFRS). SOEs are still far from practicing IFRS. The public does not participate in draft bills or regulations formulation, nor does a public online location exist where the public can access this information for comment or hold government representatives accountable for their actions. The Angolan Communications Institute (INACOM) sets prices for telecommunications services and is the regulatory authority for the telecommunications sector. Revised energy-sector licensing regulations have permitted some purchase power agreements (PPA) participation.

Overall, Angola's national regulatory system does not conform to other international regulatory systems. However, Angola is part of the Common Market for Eastern and

Southern Africa (COMESA), the Community of Portuguese Speaking Countries (CPLP), and the SADC, among other organizations. Angola has yet to join the SADC Free Trade Zone of Africa as a full member. On March 21, 2018 together with 44 African countries, Angola joined the African Continental Free Trade Area (AfCFTA), an agreement aimed at paving the way for a liberalized market for goods and services across Africa. Angola is also a member of the Port Management Association of Eastern and Southern Africa (PMAESA), which seeks to maintain relations with other national port authorities or associations, regional and international organizations and governments of the region to hold discussions on matters of common interest.

Angola became a member of the WTO on November 23, 1996. However, it is not party to the Plurilateral Agreements on Government Procurement, the Trade in Civil Aircraft Agreement and has not yet notified the WTO of its state-trading enterprises within the meaning of Article XVII of the GATT. A government procurement management framework introduced in late 2010 stipulates a preference for goods produced in Angola and/or services provided by Angolan or Angola-based suppliers. Technical Barriers to Trade regimes are not coordinated. There have been no investment policy reviews for Angola from either the OECD or UNCTAD in the last four years. Angola conducts several bilateral negotiations with Portuguese Speaking countries (PALOPS), Cuba and Russia and extends trade preferences to China due to credit facilitation terms, while attempting to encourage and protect local content.

Regulatory reviews are based on scientific, or data driven assessments or baseline surveys. Evaluations are based on data, but not made available for public comment.

The National Assembly is Angola's main legislative body with the power to approve laws on all matters (except those reserved by the constitution to the government) by simple majority (except if otherwise provided in the constitution). Each legislature comprises four legislative sessions of twelve months starting annually on October 15. National Assembly members, parliamentary groups, and the government hold the power to put forward all draft-

legislation. However, no single entity can present draft laws that involve an increase in the expenditure or decrease in the State revenue established in the annual budget.

The president promulgates laws approved by the assembly and signs government decrees for enforcement. The state reserves the right to have the final say in all regulatory matters and relies on sectorial regulatory bodies for supervision of institutional regulatory matters concerning investment. The Economic Commission of the Council of Ministers oversees investment regulations that affect the country's economy including the ministries in charge. Other major regulatory bodies responsible for getting deals through include:

- The National Gas and Biofuels Agency (ANPG) is the government regulatory and oversight body responsible for regulating oil exploration and production activities. On February 6, 2019, the parastatal oil company Sonangol launched the National Gas and Biofuels Agency (ANPG) through the Presidential decree 49/19. The ANPG is the national concessionaire of hydrocarbons in Angola, authorized to conduct, execute and ensure oil, gas and biofuel operations run smoothly, a role previously held by Sonangol. The ANPG must also ensure adherence to international standards and establish relationships with other international agencies and sector relevant organizations.
- The Regulatory Institute of Electricity and Water Services (IRSEA) is the regulatory authority for renewable energies and enforcing powers of the electricity regulatory authority.
- The Angolan Communications Institute (INACOM): The institute sets prices for telecommunications services and is the regulatory authority for the telecommunications sector. Revised energy-sector licensing regulations have improved legal protection for investors to attract more private investment in electrical infrastructure, such as dams and hydro distribution stations.
- As of October 1, 2019, a 14 percent VAT regime came into force, replacing the existing 10 percent Consumption Tax. The General Tax Administration (AGT) is the office that oversees tax operations and ensures taxpayer compliance. The new

VAT tax regime aims to boost domestic production and consumption and reduce the incidence of compound tax created for businesses unable to recover consumption tax incurred. VAT may be reclaimed on purchases and imports made by taxpayers, making it neutral for business.

Angola acceded to the New York Convention on August 24, 2016, paving the way for effective recognition and enforcement in Angola of awards rendered outside of Angola and subject to reciprocity. Angola participates in the New Partnership for Africa's Development (NEPAD), which includes a peer review mechanism on good governance and transparency. Enforcement and protection of investors is under development in terms of regulatory, supervisory, and sanctioning powers. Investor protection mechanisms are weak or almost non-existent.

There are no informal regulatory processes managed by nongovernmental organizations or private sector associations, and the government does not allow the public to engage in the formulation of legislation or to comment on draft bills. Procurement laws and regulations are unclear, little publicized, and not consistently enforced. Oversight mechanisms are weak, and no audits are required or performed to ensure internal controls are in place or administrative procedures are followed. Inefficient bureaucracy and possible corruption frequently lead to payment delays for goods delivered, resulting in an increase in the price the government must pay.

No regulatory reform enforcement mechanisms have been implemented since the last ICS report, in particular those relevant to foreign investors. The *Diário da República* (the Federal Register equivalent), is a legal document where key regulatory actions are officially published.

International Regulatory Considerations

On September 14, 2020 the GRA officially announced its intention to join the 54 countries that already apply the Standard Initiative for Extractive Industries Transparency (EITI).

In a letter to the Chairman of the EITI Board, dated September 14, 2020, the Minister of Mineral, Oil and Gas Resources, Diamantino Pedro Azevedo, described the steps already taken for the implementation of the EITI. These include the signing of Presidential Decree 117/20, appointing the Minister as chair of the National EITI Coordinating Committee, and a public statement announcing the government's commitment to join the EITI initiative.

Angola's overall national regulatory system does not conform to other international regulatory systems and is overseen by its constitution. Angola is not a full member of the International Standards Organization (ISO), but has been a corresponding member since 2002. The Angolan Institute for Standardization and Quality (IANORQ) within the Ministry of Industry & Commerce coordinates the country's establishment and implementation of standards. Angola is an affiliate country of the International Electro-technical Commission that publishes consensus-based International Standards and manages conformity assessment systems for electric and electronic products, systems and services.

A government procurement management framework introduced in late 2010 stipulates a preference for goods produced in Angola and/or services provided by Angolan or Angola-based suppliers. Technical Barriers to Trade (TBT) regimes are not coordinated. Angola acceded to the Kyoto Convention on February 23, 2017.

Legal System and Judicial Independence

Angola's legal system is primarily based on the Portuguese legal system and can be considered civil law based, with legislation as the primary source of law. Courts base their judgments on legislation and there is no binding precedent as understood in common law systems. The constitution is considered the supreme law of Angola (article 6(1)) and all laws and conduct are valid only if they conform to the constitution (article 6(3.))

The Angolan justice system is slow, arduous, and often partial. Legal fees are high, and most businesses avoid taking commercial disputes to court in the country. The World Bank's *Doing Business 2020* survey ranks Angola 186 out of 190 countries on contract

enforcement, and estimates that commercial contract enforcement, measured by time elapsed between filing a complaint and receiving restitution, takes an average of 1,296 days, at an average cost of 44.4 percent of the claim.

Angola has commercial legislation that governs all contracts and commercial activities but no specialized court. On August 5, 2020, the Economic Council of Ministers approved the opening of the Court for Litigation on Commercial, Intellectual, and Industrial Property Matters, at the Luanda First Instance Court. With the introduction of this commercial court, the GRA hopes the business environment and trust in public institutions will improve. Prior to this arrangement, trade disputes were resolved by judges in the Courts of Common Pleas. The commercial legislation provides that before going to court, investors can challenge the decision under the terms of the administrative procedural rules, either through a complaint (to the entity responsible for the decision) or through an appeal (to the next level above the entity responsible for the decision). In the new system, investors will be able, in general, to appeal to civil and administrative courts. Both administrative procedures and lawsuits are extremely bureaucratic and time-consuming. Investors exercising their right to appeal should expect decisions to take months, or even years, in the case of court decisions. In 2008, the Angolan attorney general ruled that Angola's specialized tax courts were unconstitutional. The ruling effectively left businesses with no legal recourse to dispute taxes levied by the Ministry of Finance, as the general courts consistently rule that they have no authority to hear tax dispute cases and refer all cases back to the Ministry of Finance for resolution. Angola's Law 22/14, of December 5, 2014, which approved the Tax Procedure Code (TPC), sets forth in its Article 5 that the courts with tax and customs jurisdiction are the Tax and Customs Sections of the Provincial Courts and the Civil, Administrative, Tax and Customs Chamber of the Supreme Court. Article 5.3 of the law specifically states that tax cases pending with other courts must be sent to the Tax and Customs Section of the relevant court, except if the discovery phase (i.e., the production of proof) has already begun.

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The judicial system is administered by the Ministry of Justice at trial level for provincial and municipal courts and the supreme court nominates provincial court judges. In 1991, the constitution was amended to guarantee judicial independence. However, per the 2010 constitution, the president appoints supreme court judges for life upon recommendation of an association of magistrates and appoints the attorney general. Confirmation by the General Assembly is not required. Angola enacted a new Criminal Code and a new Criminal Procedure Code in November 2020 which entered into force on February 9, 2021 to better align the legal framework with internationally accepted principles and standards, with an emphasis on white-collar crimes and corruption. The system lacks resources and independence to play an effective role though the legal reforms extend criminal liability for corruption offenses and other crimes to legal entities; provide for private sector corruption offenses to face similar fines and imprisonment to the punishments applicable to the public sector and modernize and broaden the list of criminal offenses against the financial system.

There is a general right of appeal to the court of first instance against decisions from the primary courts. To enforce judgments/orders, a party must commence further proceedings called executive proceedings with the civil court. The main methods of enforcing judgments are:

- Execution orders (to pay a sum of money by selling the debtor's assets).

- Delivery of assets; and
- Provision of information on the whereabouts of assets.

The Civil Procedure Code also provides ordinary and extraordinary appeals. Ordinary appeals consist of first appeals, review appeals, interlocutory appeals, and full court appeals, while extraordinary appeals consist of further appeals and third-party interventions. Generally, an appeal does not operate as a stay of the decision of the lower court unless expressly provided for as much in the Civil Procedure Code.

Laws and Regulations on Foreign Direct Investment

The GRA is favorable to FDI and offers freedom of establishment in all sectors with exception a few that have been traditionally been closed to FDI: military aircraft and security equipment, the activities of the Central Bank, ports, and airports. However, in 2020, the GRA encouraged foreign investors to take over management of ports and airports under the Privatization Program (PROPRIV). The acquisition of holdings is also possible. A special investment regime applies to the oil, gas, diamond, and financial sectors. Investment values exceeding USD 10m, require an investment contract with the Angolan Government and must be authorized by the Council of Ministers and finally approved by the President.

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Investors, foreigners or not, theoretically have the same right of access to incentives, even if the policy of “Angolanization” aims to promote the employment of nationals. Regarding capital repatriations, the law guarantees foreign investors the right to transfer dividends or other income from direct investment out of the country. Starting in 2020, importing capital from foreign investors willing to invest in Angolan companies is immune from licensing by the Angolan central bank.

AIPEX is the investment and export promotion regulation center tasked with promoting Angola's export potential, legal framework, environment, and investment opportunities in the country and abroad. Housed within the Ministry of Industry & Commerce, AIPEX is also responsible for ensuring the application of the 2018 NPIL on foreign direct investments, entered into force on June 26, 2018.

Competition and Antitrust Laws

On May 17, 2018 Angola's National Assembly approved the nation's first anti-trust law. The law set up the creation of the Competition Regulatory Authority, which prevents and cracks down on actions of economic agents that fail to comply with the rules and principles of competition. The Competition Regulatory Authority of Angola (*Autoridade Reguladora da Concorrência* – ARC) was created by Presidential Decree no. 313/18, of December 21, 2018, and it succeeds the now defunct *Instituto da Concorrência e Preços*. It has administrative, financial, patrimonial and regulatory autonomy, and is endowed with broad supervisory and sanctioning powers, including the power to summon and question persons, request documents, carry out searches and seizures, and seal business premises.

The ARC is responsible, in particular, for the enforcement of the new Competition Act of Angola, approved by Law no. 5/18, of May 10, 2018 and subsequently implemented by Presidential Decree no. 240/18, of October 12. The Act has a wide scope of application, pertaining to both private and state-owned undertakings, and covers all economic activities with a nexus to Angola. The Competition Act prohibits agreements and anti-competitive practices, both between competitors ("horizontal" practices, the most serious example of which are cartels), as well as between companies and its suppliers or customers, within the context of "vertical" relations.

Equally prohibited is abusive conduct practiced by companies in a dominant position, such as the refusal to provide access to essential infrastructures, the unjustified rupture of commercial relations and the practice of predatory pricing, as well as the abusive exploitation, by one or more companies, of economically dependent suppliers or clients. Prohibited practices are punishable by heavy fines that range from one to ten percent of the

annual turnover of the companies involved. Offending companies that collaborate with the ARC, by disclosing conduct until then unknown or producing evidence on a voluntary basis, may benefit from significant fine reductions, under a leniency program yet to be developed and implemented by the ARC. Considering the ample powers and potentially heavy sanctions at the disposal of the ARC, companies present in (or planning to enter) Angola are well advised to consider carefully the impact of the new law on their activities, in order to mitigate any risk that its market conduct may be found contrary to the Competition Act.

With the surge of the privatization agenda in 2019 and ongoing anti-corruption and asset recovery strategy and privatization of SOEs program, the Institute of Assets and State Equity (IGAPE) also emerged in providing oversight for acquisitions and mergers

Expropriation and Compensation

Under the Land Tenure Act of November 9, 2004 and the General Regulation on the Concession of Land (Decree no 58/07 of July 13, 2007), all land belongs to the state and the state reserves the right to expropriate land from any settlers. The state is only allowed to transfer ownership of urban real estate to Angolan nationals and may not grant ownership over rural land to any private entity (regardless of nationality), corporate entities or foreign entities. The state may allow for land usage through a 60-year lease to either Angolan or foreign persons (individuals or corporate), after which the state reserves legal right to take over ownership.

On January 24, 2020 Parliament approved the revised Law of Expropriations by Public Utility putting into practice the general principles contained in articles 15, no. 3 and 37, of the Angolan Constitution, which recognize the right to private property and establish that expropriations are only allowed when based on reasons of public interest and upon payment of fair and prompt compensation. The National Assembly also approved Law No. 1/21 on January 7, 2020, which approves the Expropriation Law and revokes legislation that governed this matter since before Angola's independence. Despite the reforms, expropriation without compensation remains a common practice with idle or

underdeveloped areas frequently reverting to the state with little or no compensation to the claimants who paid for the land, who in most cases allege unfair treatment.

In order to implement these fundamental principles, the Expropriation Law establishes the specific procedure that governs expropriation. The new law justifies expropriation for public utility and for other purposes such as defense and national security, the creation of new housing clusters, development of Special Economic Zones and Free Trade Zones, industrial use of mines and mineral deposits, water resources, operation of public services, operation of public transport systems, construction and assembly of power plants, substations and transmission lines integrated in the linked electrical system, as well as any other cases of public utility that may be established in special legislation.

Dispute Settlement

ICSID Convention and New York Convention

Angola is not a member state to the International Centre for Settlement of Investment Disputes (ICSID Convention) but has ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. On March 6, 2017, the Government of Angola deposited its instrument of accession to the Convention with the UN Secretary General. The Convention entered into force on June 4, 2017. Its ratification was endorsed domestically via resolution No. 38/2016, published in the Official Gazette of Angola on August 12, 2016.

Investor-State Dispute Settlement

The Angolan Arbitration Law (Law 16/2003 of July 25) (Voluntary Arbitration Law — VAL) provides for domestic and international arbitration. Substantially inspired by Portuguese 1986 arbitration law, it cannot be said to strictly follow the UN Commission on International Trade Law (UNCITRAL) Model Law on International Commercial Arbitration. The VAL contains no provisions on definitions, rules on interpretation, adopts the disposable rights criterion in regard to arbitration, does not address preliminary decisions or distinguish

between different types of awards, and permits appeal on the merits in domestic arbitrations, unless the parties have otherwise agreed.

Angola is also a member of the Multilateral Investment Guarantee Agency (MIGA), which can provide dispute settlement assistance as part of its political risk insurance products and eligibility for preferential trade benefits under the African Growth Opportunity Act. The United States and Angola have signed a TIFA, which seeks to promote greater trade and investment between the two nations.

There have not been any judicial proceedings or claims under the TIFA. Angola has no FTA agreement with the United States.

U.S. Embassy Luanda is aware of one ongoing formal investment dispute involving an American company since 2017. To date, the U.S. investor's complaints against the GRA remain unsettled. The GRA denies being party to the investor dispute and advised the plaintiff to file a case in Angolan courts against its business partner. The GRA recognizes this case as being an investor-to-investor and not investor-to-state dispute.

International Commercial Arbitration and Foreign Courts

Other means of alternative dispute resolution are not mandatory by law and, therefore not commonly used in commercial disputes. Under the Public Procurement Law, in the case of a dispute related to the termination of a public works contract, before the judicial proceeding takes place it is mandatory that an extrajudicial conciliation attempt be made. The extrajudicial conciliation attempt takes place before a committee composed of one representative of each of the parties and chaired by the President of the Superior Council of Public Works or a member designated by him for this purpose, within 30 days after the written application and answer of the parties. If the attempt to conciliate is successful, the written terms and conditions must be submitted to the approval of the Minister of Public Works and are then valid as enforceable title.

Angola recognizes and enforces foreign arbitration rulings against its government. However, extra-judicial cases against foreign investors are rare. Although not widely implemented, the Government of Angola and public sector companies recognize the use of arbitration to settle disputes with foreign arbitration awards issued in foreign courts.

Commercial contracts usually include arbitration clauses if foreign companies are involved. Arbitration proceedings are more flexible than litigation through the courts and less time is required to obtain a resolution. Additionally, appointed arbitrators are often experts in the matters in dispute and, as such, the decisions are of higher quality. However, arbitration proceedings are sometimes more expensive than judicial proceedings.

Bankruptcy Regulations

Angola ranks 168 out of 190 on the World Bank's *Doing Business 2020* report on resolving insolvency. Banks are bound to comply with prudential rules aimed at ensuring that they always maintain a minimum amount of funds not less than the minimal stock capital to ensure adequate levels of liquidity and solvability. The Bankruptcy Regime is summarized in the antiquated Code of Civil Procedure. The Ministry of Justice has begun to conduct studies to identify the most appropriate mechanisms for insolvency resolution, as well as to deepen its general legal and regulatory framework, taking as references the best international practices.

Banking insolvency is regulated by the Law on Financial Institutions No. 12/2015 of June 17, 2015. Based on this law, the BNA increases the social capital requirement for banks operating in the country to guard against possible damages to clients and the financial system. All monetary deposits up to 12.5 million Kwanzas (USD 27,000 equivalent) are also to be deposited into the BNA's Deposit Guarantee Funds account (Presidential Decree 195/18 of 2018) so that clients (both local and foreign) are guaranteed a refund in case of bankruptcy by their respective bank. Article 69 of the law expressly states that it is the responsibility of the President of the Republic to create the fund, but it is silent on the rules governing its operation or the amounts guaranteed by the fund.

While Angola's arbitration law (Arbitration Law No. 16/03) for insolvency adopted in 2013 introduced the concept of domestic and international arbitration, the practice of arbitration law is still not widely implemented. The law criminalizes bankruptcy under the following classification: condemnation in Angola or abroad for crimes of fraudulent bankruptcy, i.e., involvement of shareholders or managers in fraudulent activities that result in the bankruptcy, negligence bankruptcy, forgery, robbery, or involvement in other crimes of an economic nature. The Ministry of Finance, the BNA and the Capital Markets Commission (CMC) oversee credit monitoring and regulation.

4. Industrial Policies

Investment Incentives

The New Private Investment Law (NPIL) issued in 2018 seeks to incentivize incoming investment. Investment incentives in the NPIL include:

- Elimination of the minimum investment value and the value required to qualify for incentives in foreign and local investments, previously set at USD 1,000,000 and USD 500,000 respectively. There is no lower limit to invest and qualify for incentives.
- Elimination of the obligation for foreign investors to establish a partnership with an Angolan entity with at least a 35 percent stake in the capital structure of investments in the electricity and water, tourism, transport and logistics, construction, media, telecommunications and IT sectors. Under the new law, investors will decide on their capital structure and origin.
- Granting to foreign investors "the right and guarantee to transfer abroad" dividends or distributed profits, the proceeds of the liquidation of their investments, capital gains, the proceeds of indemnities and royalties, or other income from remuneration of indirect investments related to technology transfer after proof of implementation of the project and payment of all tax dues.

Investment incentives are now granted by AIPEX, the State's investment agency; the president had that responsibility under the 2015 investment law. Companies need to apply for such incentives when submitting an investment application to AIPEX and the relevant ministry. The NPIL restructures the country into three economic development zones (zones A through C) determined by political and socio-economic factors, up from two as per the 2015 investment law. For Zone A, investors have a 3-year moratorium on taxes reduced between 25- 50 percent of the tax levied on the distribution of profits and dividends. For Zone B, it is between three to six years with a 50 to 60 percent tax reduction, and for Zone C between six to eight years with a tax reduction between 60-70 percent of the tax levied on distribution of profits and dividends.

1. The State guarantees “non-public interference in the management of private companies” and “non-cancellation of licenses without administrative or judicial processes.”
2. The State provides a new and simplified procedure for the approval of investment projects, along with the adoption of measures aimed at accelerating the contractual process. It also provides special rights projects (undefined), including easier access to visas for investors and priority in the repatriation of dividends, and capital.

Note: Angola is a signatory to the Agreement on Trade-Related Investment Measures (TRIMs) applicable to foreign investment.

Foreign Trade Zones/Free Ports/Trade Facilitation

Angola is a signatory to SADC but not a member of the SADC Free Trade Area. Angola is analyzing and revising its tariff schedule to accommodate beneficial adjustments in regional trade under the SADC Free Trade Area.

Under the NPIL, Angola is divided into three economic zones, zone A through C. Zone A offers a three-year tax exemption for capital tax and a reduction in the tax burden by 25-50

percent; Zone B a three to six-year tax exemption for capital tax with a reduction in the tax burden by 50-60 percent; and, for Zone C, an eight-year tax exemption for capital tax with a 60-70 percent reduction in the tax burden.

Porto Caio is under construction in the province of Cabinda. The port is designated as a Free Trade Zone (FTZ) and is slated to provide numerous opportunities for warehousing, distribution, storage, lay down area and development of oil and gas related activity. The Port will also serve as a new major gateway to international markets from the west coast of Angola, and the development will facilitate exports and render them more cost-effective for companies.

Although the government has not yet established regional or international free trade zones, on March 21, 2018 the government signed an agreement to join the AfCFTA. The AfCFTA, by bringing together all 54 members of the African Union will be the largest FTZ in the world since the emergence of the WTO. The agreement's implementation could create a market of 1.2 billion consumers.

On October 12th, Law no. 35/20 – the Free Trade Zones Law (“FTZL”) – was passed. The FTZL has established benefits to be conceded to investors by the Angolan Government, aiming at attracting foreign investment in Angola thus creating economic growth. All types of investment are permitted in the Free Zones, specifically investment in agriculture, industry (that use Angolan raw materials and are focused on exports) and technology.

All types of investment are permitted in the Free Zones, specifically investment in agriculture, industry (that use Angolan raw materials and are focused on exports) and technology.

Specific aspects pertaining to the access to Free Zones (such as monetary requirements, number of jobs created investments in fixed assets) shall be determined in the investment contract.

Access to the Free Zones is permitted to companies, joint ventures, groups of companies or any other form of companies' representation, whose scope meets the purpose of the Free Zones.

The investments made in Free Zones must consider environmental protection interests.

Activities to be developed in the Free Zones

In the Free Zones investors are allowed to carry out industrial activities, agriculture, technology activities, as well as commercial and service activities. It is possible to carry out other activities which are not specified by the FTZL, provided that such activities target an international market and relevant authorities authorize the activities.

Investment Operations

Internal, external and mixed (also known as indirect) investments operations are permitted. All investment operations are subject to the private investment regulations in force in Angola.

Use of the Free Zones

The use of the Free Zones is granted for a minimum period of 25 (twenty-five) years which may be extended for equal period of time.

Benefits

According to the FTZL benefits pertaining to Industrial Tax, VAT, Custom Rights, Land, Capital and other benefits may be granted to the investors in the Free Zones. In the Free Zones, tax and customs benefits are applicable and are not limited in time.

Tax benefits may include:

- Reduction of the taxable basis;

- Accelerated depreciation and reincorporation;
- Tax credits;
- Exemption and reduction of rates and taxes;
- Contributions and importation rights;
- Deferral of tax payment;
- other exceptional measures.

In order to benefit from these measures, investors may not exercise the same economic activity in Angolan territory.

Special Regimes

Free Trade Zones permit special benefits regarding migration, labor, foreign-exchange and financial, to be specifically defined.

Facilities

The relevant authorities must create facilities for the investors to have priority access to services and simplified processes to obtain licenses and authorizations.

Local Content / Employment

In addition to the Local Content regulations currently in force in Angola, the FTZL creates an obligation for investors to give preference in employing Angolan employees.

Nevertheless, investors may employ foreign qualified employees provided that the number of Angolan employees is higher.

Capital Repatriation

After the implementation of the foreign investment, and in accordance with the foreign-exchange special regime, foreign investors are granted the right to transfer to foreign territory:

- a. Dividends or profits;
- b. The result of the liquidation of the investment including capital gains;
- c. Any amounts that are due to the investor, as established by acts and contracts;
- d. Compensations attributed due to the extension of the Free Zones for national interest reasons;
- e. Royalties or other incomes related to indirect investments, in connection with the transfer or concession of technology.

Performance and Data Localization Requirements

Angola widely observes a policy to restrict the number of foreign workers and the duration of their employment. The policy aims to promote local workforce recruitment and progression. Decree 6/01, of 2001 establishes that expatriate workers can only be recruited if the Labor Inspectorate gets confirmation from the employer that no Angolan personnel duly qualified to perform the job required is available in the local market. The same decree limits foreign employment to 36 months and temporary employment less than 90 days on the explicit authorization of the Labor Inspectorate. Employers must register an employment contract entered with a foreign national within 30 days at the employment center. The registration includes submission of a copy of the job description approved by the Labor Inspectorate during registration of the employment contract and the payment of a registration fee of 5 percent of the gross salary plus all the benefits.

Companies must deregister employees upon termination of the contract. Deregistration applies to all levels of personnel from administrative staff to boards of directors. Foreign employees require work permits, and no employment is authorized on tourist visas. The visa application procedure, though improved, remains complex, slow and inconsistent. Processes and requirements vary according to the labor market situation at the time of

application, the type of work permit being applied for, the nationality of the applicant, the country of application, and personal circumstances of the assignee and any family dependents.

Through the NPIL Angola created the investor visa, granted by the immigration authority to foreign investors, representatives, or attorneys of an investing company, to carry out an approved investment proposal. It allows for multiple entries, and a stay of two years, renewable, for the same period. The NPIL liberalizes foreign investment, limits mandates for local hiring, and primarily calls for strict enforcement on labor sourcing in the petroleum sector. International oil companies are working with the government on a new local-content initiative that will establish more explicit sourcing requirements for the petroleum sector in staffing and material. Specific to the oil sector, because of its significance to the Angolan economy, the Petroleum Activities Law requires Sonangol and its services providers to acquire materials, equipment, machinery, and consumer goods produced in Angola.

Currently, local content regulations offer only guidelines that are loosely enforced, and companies lack clarity on how to satisfy Angolan government's regulation. While the lack of enforcement may make it easier for foreign companies to comply with local content regulations, the lack of specificity challenges companies in their business planning. For example, it is difficult for companies to compare their competitive position against each other when competing for lucrative concessions and licenses from the government, as local content is sometimes considered during competition for government tenders. Legal guidance to get the guarantees for investors under the NPIL is strongly encouraged.

Regulations around data management including encryption are still at nascent stages. Data storage The Institute for Communications of Angola (INACOM) oversees and regulates data in liaison with the Ministry of Telecommunications.

The President of Angola passed, Decree No. 214/16 on 10 October 2016, establishing the organizational framework of the data protection authority. The Ministry of

Telecommunications and Information Technology ('MTTI') announced, on 9 October 2019, that the National Database Protection Agency (APD) had become operational.

5. Protection of Property Rights

Real Property

Transparency and land property rights are critical for Angolan economic development, given that two thirds of Angolans work in agriculture and are directly dependent on land property rights. However, the Land Act (Lei de Terras de Angola) has not been revised since its approval in December 2004. While the Land Act is a crucial step toward addressing issues of land tenure, normalization of land ownership in Angola persists with problems such as difficulties in completing land claims, land grabbing, lack of reliable government records, and unresolved status of traditional land tenure. Among other provisions, the law included a formal mechanism for transforming traditional land property rights into legal land property rights (clean titles). During the civil war, a transparent system of land property rights did not exist, so it was crucial to re-establish one shortly after the end of hostilities in 2002.

According to the "Land Act," the State may transfer or constitute, for the benefit of Angolan natural or legal persons, a multiplicity of land rights on land forming part of its private domain. Although, it is possible to transfer ownership over some categories of land, the transfer of State land almost never implies the transfer of its ownership, but only the formation of minor land rights with leasehold being the most common form in Angola. The recipient of private property rights from the State can only transfer those rights with consent of the local authority and after a period of five years of effective use of the land according to the Land Act. Weak land tenure legislation and lack of secure legal guarantees (clean titles) are the reasons given by most commercial banks for their greater than 80 percent refusal rate for loans since land is used as collateral. Foreign real-estate developers therefore seek out public-private partnership (PPP) arrangements with State actors who can provide

protection against land disputes and financial risks involved in projects that require significant cash outlays to get started.

Registering parcels of land over 10,000 hectares must be approved by the Council of Ministers. Registering property takes 190 days on average, ranking 167 out of 173 according to the World Bank's *Doing Business 2020* survey, with fees averaging three percent of property value. Owners must also wait five years after purchasing before reselling land. There are no written regulations setting out guidelines defining different forms of land occupation, including commercial use, traditional communal use, leasing, and private use. Over the years, the government has given out large parcels of land to individuals in order to support the development of commercial agriculture. However, this process has largely proceeded in an unsystematic way and does not follow any formal rule change on land tenure by the State.

Before obtaining proof of title nationwide, an Angolan citizen or an Angolan legal entity must also obtain the Real or Leasing Rights ("Usufruct") of the Land from the Institute of Planning and Urban Management of Luanda (IPGUL), an often-time-consuming procedure that can take up to a year or more. However, if a company already owns the land, it must secure a land property title deed from the Real Estate Registry in Luanda. An updated property certificate ("certidão predial") is obtained from the relevant Real Estate Registry, with the complete description of the property including owner(s) information and any charges, liens, and/or encumbrances pending on the property. The complex administration of property laws and regulations that govern land ownership and transfer of real property as well as its tedious registration process may reduce investor appetite for real estate investments in Angola. Dispatch no. 174/11 of March 11, 2011 mandates the total fees for the "certidão predial" include stamp duty (calculated according to the Law on Stamp Duty); justice fees (calculated according to the Law on Justice Fees); fees to justice officers (according to the set contributions for the Justice budget); along with notary and other fees. The total fee is also dependent on the current value of the fiscal unit (UCF).

Intellectual Property Rights

Angola is a member of the World Intellectual Property Organization (WIPO) and follows international patent classifications of patents, products, and services to identify and codify requests for patents and trademark registration. Angola is also member of the Paris Convention where each contracting state must grant the same IP protection to nationals of other contracting states and provides for the right of priority in the case of patents, trademarks and designs. It also recognizes the goods and services classes from the Nice Classification and allows for multi-class filing. The Nice Classification, established by the Nice Agreement, is an international classification for the registration of trademarks.

Trademark registration is mandatory to be granted rights over a mark. Angolan trademarks are valid for 10 years from the filing date and renewable for further periods of 10 years.

The Instituto Angolano de Propriedade Intelectual (IAPI) is the governmental body within the Ministry of Industry & Commerce charged with implementing patent and trademark law. The Ministry of Culture, Tourism & Environment oversees copyright law.

Implemented by the Presidential Decree No. 62/20 of March 4, the new official fees related to Industrial Property procedures in Angola, were published in the Official Gazette of the Angola Republic. The new fees came into force on March 20, 2020 and reflect an increase of values in all Industrial Property procedures practiced in this jurisdiction, updating rates that have remained unchanged for more than 20 years. The most significant alteration with respect to trademarks, consists of joining in a single fee, paid at the time of the registration application, the filing fees, the first and second publication fees, and the granting and registration certificate fees.

With regard to patents, additional fees are due for each claim after the 15th. Additionally, the request for the anticipation or postponement of the publication of a patent is now provided by the new applicable fees.

Angola is not listed in United States Trade Representative's (USTR) Special 301 report nor the notorious market report.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/> . The U.S. Embassy point of contact for IPR related issues is Logan Council (CouncilLR@state.gov). For legal counsel, refer to Angola's Country Commercial Guide Local Professional Services List (<http://export.gov/ccg/angola090710.asp>

6. Financial Sector

Capital Markets and Portfolio Investment

There is a visible effort by the government to create more attractive conditions for foreign investment as reflected in the attempt to create a more favorable social and political climate, the new legislation on private investment and in a greater liberalization of capital movements. The dangers of absorption by the local partner or the impossibility of transferring profits are thus mitigated. The BNA abolished the licensing previously required on importing capital from foreign investors allocated to the private sector and exporting income associated with such investments. This measure compliments the need to improve the capture of FDI and portfolio investment and it is in line with the privatization program for public companies (PROPRIV) announced through Presidential Decree No. 250/19 of August 5, 2019 which encourages foreign companies to participate. In addition to the operations, BNA is also exempt from licensing, the export of capital resulting from the sale of investments in securities traded on a regulated market and the sale of any investment, in which the buyer is also not – foreign exchange resident, pursuant to Notice No. 15/2019.

BODIVA is Angola's Debt and Securities Stock Exchange. The Stock Exchange (BODIVA) allows through a platform the trading of different types of financial instruments available to investors with rules (self-regulation), systems (platforms) and procedures that assure market fairness and integrity to facilitate portfolio investment. However, there is no effective regulatory system to encourage and facilitate portfolio investment which is poorly explored.

At the moment, only local commercial banks have the ability to potentially list on the nascent stock exchange.

The central bank (BNA) partially observes IMF Article VIII on refraining from restrictions on payments and transfers for current international transactions. Foreign exchange crises and the loss of correspondent banking relationships since 2015 have prompted the BNA to adopt restrictive monetary policies that negatively affect Angola's payment system, seen in the delay in foreign exchange denominated international transfers.

Credit is not allocated on market terms. Foreign investors do not normally access credit locally. For Angolan investors, credit access is very limited, and if available, comes with a collateral requirement of 125 percent, so most either self-finance, or seek financing from non-Angolan banks and investment funds such as the "Angola Invest" government-subsidized funding program for micro, small and medium private enterprises (SMEs). The fund, sourced from the Annual State Budget, ended on September 25, 2018, further reducing funding opportunities for many SMEs. Banks credit issue appetite also lies more on government than the private sector as credit to government is more profitable for these commercial banks.

Money and Banking System

Angola is over-banked. Although four banks have been closed since 2018, 26 banks still operate in Angola. The top seven banks control nearly 80% of sector deposits, but the rest of the sector includes a large number of banks with minimal scale and weak franchises. 47% of income-earners utilize banking services, with 80% being from the urban areas. Angolan banks focus on profit generating activities including transactional banking, short-term trade financing, foreign exchange, and investments in high-interest government bonds.

The banking sector largely depends on monetary policies established by Angola's central bank, the Banco Nacional de Angola (BNA). Thanks to the ongoing IMF economic and

financial reform agenda, the BNA is adopting international best practices and slowly becoming autonomous. On February 13, 2021 President Joao Lourenco issued an edict granting autonomy to the BNA, a decision taken after IMF recommendations. The reforms taken under the Lourenco administration have lessened the political influence over the BNA and allowed it to more freely adopt strategies to build resilience from external shocks on the economy. As Angola's economy depends heavily on oil to fuel its economy, so does the banking sector. The BNA periodically monitors minimum capital requirements for all banks and orders the closure of non-compliant banks.

Although the RECREDIT Agency purchased non-performing loans (NPLs) of the state's parastatal BPC bank, NPLs remain high at 32%, a decrease of 5% since 2016. Credit availability is minimal and often supports government-supported programs. The GRA obliged banks to grant credit more liberally in the economy, notably by implementing a Credit Support Program (PAC). For instance, the BNA has issued a notice obliging Angolan commercial banks to grant credit to national production in the minimum amount equivalent to 2.5% of their net assets until the end of 2020.

The country has not lost any additional correspondent banking relationships since 2015. The BNA is currently working on reforms to convince international banks to reestablish correspondent banking relationships. The majority of transactions go via third party correspondent banking services in Portugal banks, a costly option for all commercial banks. At the time of issuing this report no correspondent banking relationships were at jeopardy.

Foreign banking institutions are allowed to operate in Angola and are subject to BNA oversight.

The Monetary Policy Committee (MPC) of the BNA met in March 2020, to consider recent changes to the main economic indicators, and taking into account the COVID-19 pandemic and its impact on the domestic economy. The MPC paid particular attention to the external accounts, and their implications for the conduct of monetary and exchange rate policies. The MPC has accordingly decided to:

- Maintain the base interest rate, BNA rate, at 15.5%;
- Maintain the interest rate on the liquidity absorption facility with an overnight maturity, at 0%;
- Reduce the interest rate on the liquidity absorption facility with a seven-day maturity, from 10% to 7%;
- Maintain reserve requirement coefficients for national and foreign currencies at 22% and 15%, respectively;
- Establish a liquidity facility with a maximum value of Kz 100 billion for the acquisition of government securities held by non-financial corporations:
- Extend to the 54 products defined in PRODESI the credit granted with recourse to the reserve requirements, and establish a minimum number of loans to be granted per bank;
- Exempt from the limits established per type of payment instrument, the import of products included in the basic food basket, and of and these continue to cripple lending appetite of commercial banks to the private sector medicines;
- Set April 1 as the start date for the use of the Bloomberg platform by the oil companies and by the National Agency of Petroleum, Gas and Biofuels, for the sale of foreign currency to commercial banks.

Foreign Exchange and Remittances

Foreign Exchange

The Angolan National Bank (Banco Nacional de Angola –BNA) published Notice no. 15/2019, of December 30, 2019, which establishes the rules and procedures applicable to foreign exchange operations conducted by non-resident entities related to: (a) foreign direct investment; (b) investment in securities (portfolio investment); (c) divestment operations; and (d) income earned by non-residents from direct investment or portfolio investment (the “Notice”). The notice also applies to all foreign exchange transactions relating to “foreign investment projects that were registered with BNA prior to its publication.” Investments

made by non-resident foreign exchange entities in the oil sector are excluded from the scope of the Notice.

The notice distinguishes foreign direct investment and portfolio investment. Direct investment is investment made in the “creation of new companies or other legal entities” or through the acquisition of shareholdings in non-listed Angolan companies or, if listed in a regulated market when the investment gives the external investor a right of control equal to 10% or more. In turn, portfolio investment represents the investment in securities. In the case of the purchase of securities representing the capital of a listed company, portfolio investment will be considered only when the voting rights associated with the investment are less than 10% of the listed company’s capital stock.

Since dropping the peg on the dollar in 2018, the local currency fluctuates freely. In October 2019, the BNA fully liberalized the foreign exchange regime, abandoning the trading band that had been in place since January 2018. Its previous policy of controlled exchange rate adjustment prevented the kwanza from depreciating by more than 2.0% at currency auctions. The BNA also has allowed oil companies to directly sell foreign currency to commercial banks. The BNA said the move is expected to normalize the foreign exchange market through the reduction of its direct intervention with oil firms, increase the number of foreign currency suppliers, and revive the country’s foreign exchange market. The exchange rate is determined by the rate on the day of sale of forex to commercial banks. On June 22, 2020, the BNA adopted Bloomberg’s foreign exchange electronic trading system (FXGO) and its electronic auction system to bring greater efficiency and transparency to Angola’s forex market.

Remittance Policies

Based on the notice issued on December 23, 2019 as per above, as long as adequate supporting documentation is submitted to the commercial bank, foreign investors can freely transfer within 5 days abroad:

- a. dividends, interest and other income resulting from their investments;
- b. shareholder loan repayments;
- c. proceeds of the sale of securities listed on the stock exchange;
- d. when the participated entity is not listed on the stock exchange, the proceeds of the sale, when the purchaser is also a foreign investor and the amount to be transferred abroad by the seller is equal to the amount to be transferred from abroad by the purchaser, in foreign currency;

The transfer abroad of capital, requiring the purchase of foreign currency, when the participated entity is not listed on the stock exchange, requires prior exchange control approval when it relates to the following:

- a. The sale of the whole or a part of an investment;
- b. The dissolution of the participated entity;
- c. Any other corporate action that would reduce the capital of the participated entity.

There may be delays greater than 60 days if the documentation submitted to the BNA is not complete such as a tax due statement from the General Tax Agency and companies' balance sheet statements.

The BNA has facilitated remittances of international supplies by introducing payment by letters of credit. Also, the 2018 NPIL grants foreign investors "the right and guarantee to transfer abroad" dividends or distributed profits, the proceeds of the liquidation of their investments, capital gains, the proceeds of indemnities and royalties, or other income from remuneration of indirect investments related to technology transfer after proof of implementation of the project and payment of all taxes due. The government continues to prioritize foreign exchange for essential goods and services including the food, health, defense, and petroleum industries.

Sovereign Wealth Funds

In October 2012, former President Eduardo dos Santos established a petroleum funded USD 5 billion sovereign wealth fund called the Fundo Soberano de Angola (FSDEA). The FSDEA was established in accordance with international governance standards and best practices as outlined in the Santiago Principles.

In February 2015, the FSDEA was recognized as transparent by the Sovereign Wealth Fund Institute (SWFI), receiving a score of 8 out of 10. The FSDEA has the express purpose of profit maximization with a special emphasis on investing in domestic projects that have a social component (<http://www.fundosoberano.ao/investments/>). Jose Filomeno dos Santos (Zenu), son of former President Jose Eduardo dos Santos, was appointed chairman of FSDEA in June 2013, but was removed by President Lourenco in 2017, and is appealing a five-year jail term pronounced in August 2020, following his trial for money laundering, embezzlement and fraud. Former Minister Carlos Alberto Lopes was named new head of the FSDEA that same year.

Half of the initial endowment of FSDEA was invested in agriculture, mining, infrastructure, and real estate in Angola and other African markets, and the other half was supposedly allocated to cash and fixed-income instruments, global and emerging-market equities, and other alternative investments. The FSDEA is in possession of approximately USD 3.35 billion of its private equity assets previously under the control of QG and given to economic and financial hardship, the fund's equity was reduced by USD 2 billion to finance the Program for Intervention in the Municipalities in 2019 and USD 1.5 billion for the fight against the Covid-19 pandemic in 2020. The FSDEA also announced that the government will use the remainder, USD 1.5 billion of the fund's assets to support social programs on condition of future repayment through increased tax on the BNA's rolling debts.

7. State-Owned Enterprises

In Angola, certain SOEs exercise delegated governmental powers, especially in the mining sector where the government is the sole concessionaire. Foreign investors may sometimes find demands made by SOEs excessive, and under such conditions, SOEs have easier access to credit and government contracts. There is no law mandating preferential treatment to SOEs, but in practice they have access to inside information and credit. Currently, SOEs are not subject to budgetary constraints and quite often exceed their capital limits.

SOEs, often benefitting from a government mandate, operate mostly in the extractive; transportation; commerce; banking; and construction, building, and heavy equipment sectors. All SOEs in Angola are required to have boards of directors, and most board members are affiliated with the government. SOEs are not explicitly required to consult with government officials before making decisions. By law, SOEs must publish annual financial reports for the previous year in the national daily newspaper *Jornal de Angola* by April 1. Such reports are not always subject to publicly released external audits (though the audit of state oil firm Sonangol is publicly released). The standards used are often questioned. Not all SOEs fulfill their legal obligations, and few are sanctioned.

Angola's supreme audit institution, Tribunal de Contas, is responsible for auditing SOEs. However, reports from the Tribunal de Contas are only made public after a few years. The most recently published report, for 2017, was published in 2019. Angola's fiscal transparency would be improved by ensuring its supreme audit institution's audits of SOEs and the government's annual financial accounts are made public within a reasonable period. Publicly available audit reports would also improve the transparency of contracts between private companies and SOEs.

In November 2016, the Angolan Government revised Law 1/14 "Legal Regime on Issuance and Management of Direct and Indirect Debt," which now differentiates between 'direct' and 'indirect' public debt. The GRA considers SOE debt as indirect public debt, and only accounts in its state budget for direct government debt, thus effectively not reflecting some substantial obligations in fact owed by the government. President Lourenço has launched

various reforms to improve financial sector transparency, enhance efficiency in the country's SOEs as part of the National Development plan 2018-2022 and Macroeconomic Stability Plan. The strategy included the prospective privatization of 195 SOE assets that are deemed not profitable to the state. The privatization will possibly include the restructuring of the national air carrier TAAG, as well as Sonangol and its subsidiaries. The latter intends to sell off its non-core businesses as part of its restructuring strategy to make the parastatal more efficient.

Angola is not a party to the WTO's Government Procurement Agreement (GPA). Angola does not adhere to the OECD guidelines on corporate governance for SOEs.

Privatization Program

In 2020 the GRA increased the number of assets to be privatized by 2022 from 90 to 195 through the Angola Debt and Securities Exchange market (BODIVA) and under the supervision of the Institute of Management of Assets and State Holdings (IGAPE). The privatization program "PROPRIV," implements the Government's Interim Macroeconomic Stabilization Program (PEM), which aims to rid the government of unprofitable public institutions. The GRA plans to privatize part of state-owned Angola Telecommunications Company, companies in the oil and energy sector, as well as several textile and beverages industries. The GRA has stated that the privatization process will be open to interested foreign investors and has guaranteed a transparent bidding process. The tenders are open to local and foreign investors. In 2020 PROPRIV helped the government raise over USD 500 million through the privatization of 33 assets following public tenders.

The oil company Sonangol, the State's largest SOE, sold 14 of the 20 companies it planned to privatize in 2019. It also sold 19 out of 26 planned to be sold in 2020. The Covid-19 pandemic has slowed privatization efforts, and the rest of the total 70 assets to be privatized will likely be sold in 2021 and 2022. The list includes divestments in the subsidiaries and assets of Sonangol Cabo Verde – Sociedade e Investimentos and Óleos de São Tomé and Príncipe, as well as stakes in Founton (Gibraltar), Sonatide Marine

(Cayman Islands), Solo Properties Knightbridge (United Kingdom), Société Ivoirienne de Raffinage (Cote d'Ivoire), Puma Energy Holdings (Singapore) and Sonandiet Services (Panama), by 2021.

Sonangol will sell its stake in WTA-Houston Express and French company WTA, as well as assets in Portuguese real estate companies Puaça, Diraniproject III and Diraniproject V, in Sonacergy – Serviços e Construções, Sonafurt International Shipping and Atlantis Viagens e Turismo. Sonangol also holds assets to be privatized in Angolan companies in the Health, Education, Transport, Telecommunications, Energy, Civil Construction, Mineral Resources and Oil and Banking sectors.

The sale of more than 60 non-core assets will make the company “financially more robust,” and allow it to focus on its core business.

The GRA created a privatization commission on February 27, 2018 and a website <https://igape.minfin.gov.ao/PortalIGAPE/#!/sala-de-imprensa/noticias/5413/anuncio-de-concurso-tender-announcement> for submission of tenders. Full tender documents can be obtained by visiting the below link: <http://www.ucm.minfin.gov.ao/cs/groups/public/documents/document/zmlu/du4/~edisp/minfin058842.zip> Alternatively, contact igape@minfin.gov.ao.

8. Responsible Business Conduct

The government has few initiatives to promote responsible business conduct. On March 26, 2019, the UNDP launched the National Network of Corporate Social Responsibility, called “RARSE,” to promote the creation of a platform to reconcile responsible business conduct with the needs of the population. The government, through the Ministry of Education, also held a campaign under the theme, “Countries that have a good education, that enforce laws, condemn corruption, privilege and practice citizenship, have as a consequence

successful social and economic development.” The government has enacted laws to prevent labor by children under 14 and forced labor, although resource limitations hinder adequate enforcement. In June 2018, the government passed a National Action Plan (2018-2022) to eradicate the worst forms of child labor (the PANETI). With limitations, the laws protect the rights to form unions, collectively bargain, and strike. Government interference in some strikes has been reported. The Ministry of Public Administration, Employment, and Social Security has a hotline for workers who believe their rights have been infringed. Angola’s Chamber of Commerce and Industry established the Principles of Ethical Business in Angola.

The GRA does not fully meet the minimum standards for the elimination of trafficking in persons but is making significant efforts to do so. Those efforts to Angola being led to Angola being upgraded to Tier 2 in 2020. A National Action Plan to Combat and Prevent Trafficking in Persons in 2019 included measures to improve the capacities of coordination agencies, investigating more potential trafficking cases, convicting more traffickers, training front-line responders, conducting some awareness-raising activities, and improving data collection on trafficking crimes through use of the Southern African Development Community (SADC) regional data collection tool.

The government continues to strengthen its bilateral efforts on anti-corruption and improved governance. On July 1, 2019, the government signed a Memorandum of Understanding (MOU) on Security and Public Order with the United States. The MOU enables the two governments to cooperate in the fields of information exchange related to the prevention, investigation, and combatting of criminal activity, including the collection and processing of evidence. The MOU encourages the exchange of information on criminal investigation techniques, the implementation of professional training programs, and exchange of delegations.

To support increasing fiscal transparency and sustainable debt management, the U.S. Government offers ongoing technical assistance to the Financial Intelligence Unit on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT). The United

States also provides periodic technical assistance to the Ministry of Finance and communicates with the Angolan banking sector to adopt international best practices that will help Angola prepare for the Financial Action Taskforce review starting in 2021.

In 2015, Angola organized an interagency technical working group to explore Angola's possible membership in the Voluntary Principles on Security and Human Rights (VPs) and the Extractive Industries Transparency Initiative (EITI). Angola formally announced its intention to join the EITI in September 2020. Angola has been a member of the Kimberley Process (KP) since 2003 and chaired the KP in 2015.

Angola is not a party to the WTO's GPA, and does not adhere to the OECD guidelines on corporate for SOEs.

Additional Resources

Department of State

- [Country Reports on Human Rights Practices](#);
- [Trafficking in Persons Report](#);
- [Guidance on Implementing the "UN Guiding Principles" for Transactions Linked to Foreign Government End-Users for Products or Services with Surveillance Capabilities](#) and;
- [North Korea Sanctions & Enforcement Actions Advisory](#)

Department of Labor

- [Findings on the Worst Forms of Child Labor Report](#);
- [List of Goods Produced by Child Labor or Forced Labor](#).
- [Sweat & Toil: Child Labor, Forced Labor, and Human Trafficking Around the World](#) and;
- [Comply Chain](#).

9. Corruption

Angola occupies the 142nd place out of 180 in the **Corruption perception index** of the organization Transparency International, in clear progress since the last report (+19 places).

Corruption remains a strong impediment to doing business in Angola and has had a corrosive impact on international market investment opportunities and on the broader business climate. Angola has a comprehensive anti-corruption legal framework, but implementation remains a severe challenge.

In January 2020, the government issued a general conduct guide mostly for the National Public Procurement Service, the regulatory and supervisory body of public procurement in Angola, outlining whistleblowing responsibilities for corruption and related offences in public procurement. Since coming into office on an anti-corruption platform, President Lourenco has led a concerted effort to restore investor confidence by prioritizing anti-corruption and the fight against nepotism. Following approval in October 2019, a new law on anti-money laundering, combating the Financing of Terrorism, and the proliferation of weapons of mass destruction came into force in January 2020, superseding Law No. 34/11, of 12 December 2011. The new law incorporates several IMF and the Financial Action Task Force (FATF) recommendations. Importantly, it now recognizes and politically exposed persons as any national or foreign person that holds or has held a public office in Angola, or in any other country or jurisdiction, or in any international organization, and subjects them to greater scrutiny by the financial sector. Other significant improvements in the new law include:

- The definition of “ultimate beneficial owner” was expanded to encompass, notably, all persons that hold, directly or indirectly, a controlling interest in a company, including the control of the share capital, voting rights or a significant influence in the company. There is no longer a minimum threshold to determine the existence of control.

- Identification and diligence duties are now applicable to occasional transactions executed via wire transfers in an amount of more than USD 1,000, in national or foreign currency.
- The scope of the duty to communicate suspicious transactions in cash or wire transfers has been amended and is now applicable to transactions between USD 5,000 and USD 15,000, depending on the underlying operation.
- Payment service providers that control the ordering and reception of a wire transfer must consider the information received from the sender and the beneficiary to determine whether there is a duty to report.
- The Tax Authorities now have a duty to report suspicious cross-border payments.

The president approved a set of amendments to the Public Contracts Law on November 16, 2018, which imposed further requirements for the declaration of assets and income, interests, impartiality, confidentiality, and independence in the formation and execution of public contracts. In December 2018, the Government of Angola rolled out a national anti-corruption strategy (NACS) billed under the motto, “Corruption – A fight for all and by all.” The five-year strategy, developed in concert with the UNDP, is designed to improve government transparency, accountability, and responsiveness to citizen needs. The NACS focuses on three pillars in the fight against corruption – prevention, prosecution, and institutional capacity building.

Crimes linked to corruption are enforced through the Public Probity Law of 2010. President Lourenco’s mandate for senior government officials requires all public officials to disclose their assets and income once every two years, and it prohibits public servants from receiving money or gifts from private business deals. The Attorney General’s Office has indicted two members of Parliament on corruption charges since the publication of the country’s anti-corruption strategy in 2018. The Penal Code makes it a criminal offense for private enterprises to engage in business transactions with public officials.

Angola has incorporated regional anti-corruption guidelines and into their domestic legislation, including: the SADC “Protocol Against Corruption,” the African Union’s “Convention on Preventing and Combating Corruption,” and the United Nation’s “Convention against Corruption.” Angola does not have an independent body to investigate and prosecute corruption cases, and enforcement of existing laws is generally weak or non-existent. However, the Attorney General’s office has a department focused on investigating of corruption crimes and recovering Assets. Three institutions – the Audit Court, the Inspector General of Finance, and the Office of the Attorney General – perform many of the anti-corruption duties in Angola. <http://www.business-anti-corruption.com/country-profiles/sub-saharan-africa/angola/initiatives/public-anti-corruption-initiatives.aspx>

The government also passed the Law on the Repatriation of Financial Resources in June 2018, which established the terms and conditions for the repatriation of financial resources held abroad by resident individuals and legal entities with registered offices in Angola. The law exempted individuals and legal entities, who voluntarily repatriated their financial resources within a period of 180 days following the date of entry into force of the Law, by transferring the funds to an Angolan bank account, from any obligation or liability of tax, foreign exchange and criminal charge. Upon expiry of the grace period for repatriation, the law allowed for the possibility of forced repatriation by the government. The government estimates that USD 30 billion of Angolan assets are sheltered overseas though some estimates point to as much as USD 100 billion. In early 2019, the government established the National Asset Recovery Service (SNRA), an institution linked to the Attorney General’s Office (PGR), in charge of ensuring compliance with the repatriation law. Attorney General Helder Pita Groz announced in December 2020 that since the establishment of the SRNA, Angola had recovered more than USD 5 billion in assets and cash. Also, in January 2019, the National Assembly approved the new Penal Code, which includes harsher punishment for active and passive corruption. While a substantial proportion of Angolans (44%) see corruption as declining, a majority (54%) say the GRA is doing a poor job in fighting corruption. The perception persists that the GRA is using the fight against corruption as a tool to crack down on political opponents within the ruling MPLA party. More than half (55%) believe that people who report corruption to the authorities risk retaliation or other

negative consequences. The national police are widely perceived as more corrupt than any other public officials with whom citizens regularly interact.

Private sector companies have individual internal controls for ethics, compliance and tracking fraudulent activities. However, they do not have a mechanism to detect and report irregularities related to dealings with public officials. It is important for U.S. companies, regardless of their size, to assess the business climate in the sector in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in Angola, should take the time to become familiar with the relevant anticorruption laws of both Angola and the United States in order to properly comply with them, and where appropriate, to seek legal counsel.

Angola is not a member state to the UN Anticorruption Convention or the OECD Convention on Combatting Bribery. On March 26, 2018 it ratified and published in the national gazette the African Union Convention on the Prevention and Fight against Corruption and now takes legislative measures against illicit enrichment (Article 8), confiscation and seizure of proceeds and means of corruption (Article 16), and international cooperation in matters of corruption and money laundering (Article 20).

Resources to Report Corruption

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10. Political and Security Environment

Angola maintains a politically stable environment. Politically motivated violence is not a high risk, and incidents are rare. The last significant incident of political violence happened in 2010 during an attack against the Togolese national soccer team by FLEC-PM (Front for the Liberation of the Enclave of Cabinda—Military Position) in the northern province of Cabinda. FLEC threatened Chinese workers in Cabinda in 2015 and claimed in 2016 that they would return to active armed struggle against the Angolan government forces. No attacks have since ensued and the FLEC has remained relatively inactive.

President Lourenco has pledged to govern for all Angolans and to combat two of the country's major problems: corruption and mismanagement of public funds. President Lourenco's government seeks reform of the state and national cohesion. Local elections – "Autarquias" – were anticipated to take place in 2020 but have not yet occurred due to the COVID-19 pandemic and the lack of key legislation governing the elections.

Angola is also becoming more assertive and demonstrating a more steadfast commitment to peace and stability in Africa, particularly in the Great Lakes region. In 2019 and 2020 it facilitated an agreement to end mounting tensions between the Rwanda and Uganda. Angola maintains the rotating presidency of the International Conference on the Great Lakes Region (ICGLR) and has played an important convening role on the situation in the Central African Republic.

With Angola's economy continuing to struggle, social dissatisfaction is on the rise and is triggering reactions particularly among Angolan young adults who take to the streets occasionally to protest against overall economic hardship and unrealized political pledges. Large pockets of the population live in poverty without adequate access to basic services, and the country could benefit from more inclusive development policies. According to the 2018/2019 Expenditure and Income Survey from the National Institute of Statistics, the poverty index was at 40.6%. A social protection scheme program has been launched with a pilot cash transfer project which will benefit over 1.6 million vulnerable families until 2022 around the country.

11. Labor Policies and Practices

The Angolan labor force has limited technical skills, English language capabilities, and managerial ability. Many employers find it necessary to invest heavily in educating and training their Angolan staff. Angola's labor force was estimated to be 13.1 million in 2019. The literacy rate is estimated to be 70 percent (82 percent male, 60.7 percent female). According to the National Statistics Institute, in 2019, the unemployment rate in the population aged 15 and above was around 31 percent, although more than 60 percent of all jobs are in the informal sector. Eighty-six percent of primary school age children attend school. The law mandates that children must attend school for six years beginning at age six. Twenty-nine percent of boys and seventeen percent of girls attend high school.

There are gaps in compliance with international labor standards which may pose a reputational risk to investors. Children are sometimes employed in agriculture, construction, fishing, and coal industries. Forced labor is sometimes used in agricultural, fishing, construction, domestic services, and artisanal diamond mining sectors. Additional information is available in the 2019 Trafficking in Persons Report, (<https://www.state.gov/reports/2020-trafficking-in-persons-report/angola/>), 2020 Country Report on Human Rights Practices (<https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/angola/>), and 2019 Findings on the Worst Forms of Child Labor, ().

Angola's General Labor Law (Law No. 2/00), updated in 2015, recognizes the right of workers, except members of the armed forces and police, to form and join independent unions, to collectively bargain, and to strike, but these rights are either limited or restricted. To establish a union, a minimum of 30 percent of workers from a sector at the provincial level must participate and prior authorization by authorities with accompanying bureaucratic approvals is required. Unlike workers in the private sector, civil service employees do not have the right to collective bargaining. While the law allows unions to conduct their activities without government interference, it also places some restrictions on engaging in a strike. Strict bureaucratic procedures must be followed for a strike to be considered legal. The

government can deny the right to strike or obligate workers to return to work for members of the armed forces, police, prison staff, fire fighters, other “essential services” public sector employees, and oil workers. The government may intervene in labor disputes that affect national security, particularly strikes in the oil sector. The definition of civil service workers providing “essential services” is broadly defined, encompassing the transport sector, communications, waste management and treatment, and fuel distribution.

Collective labor disputes are to be settled through compulsory arbitration by the Ministry of Labor, Public Administration and Social Security. The law does not prohibit employer retribution against strikers, but it does authorize the government to force workers back to work for “breaches of worker discipline” or participation in unauthorized strikes. The law prohibits anti-union discrimination and stipulates that worker complaints be adjudicated in the labor court. Under the law, employers are required to reinstate workers who have been dismissed for union activities.

The General Labor Law also spells out procedures for hiring workers. For work contracts of indefinite duration, the law provides for a basic probationary period of up to six months, during which the worker or employer can terminate the contract without notice or justification. After the probationary period ends, dismissed workers have the right to appeal to a labor court. Many employers prefer to reach a monetary settlement with workers when a dispute arises, rather than bring cases before the labor court. The World Bank’s *Doing Business 2020* report found that fired workers with one to ten years of service received on average 13.6 weeks of salary compensation. The notice period before dismissing a worker is 4.3 weeks.

The government conducts annual surveys of the oil industry to implement a requirement that oil companies hire Angolan nationals when qualified applicants are available. If no qualified nationals apply for the position, then the companies may request the government’s permission to hire expatriates. Outside of the petroleum sector, policies to encourage “Angolanization” of the labor force, i.e., the hiring of locals, discourages bringing in expatriates. However, the associated visa processes for the oil industry are currently

easier and faster due to a special process the Angolan Ministry of Petroleum offers companies in that sector. Additionally, working visas for other sectors have also become easier to obtain and the GRA launched an investor's visa in 2018.

12. U.S. International Development Finance Corporation (DFC) and Other Investment Insurance or Development Finance Programs

On April 10, 2019, the Export-Import Bank of the United States (EXIM) entered into a memorandum of understanding (MOU) with the Ministry of Finance of the government of Angola to increase trade of goods and services between the United States and Angola. Under the MOU, EXIM and the Ministry of Finance agreed to exchange information on business opportunities to further the procurement of U.S. goods and services by both state-owned and private-sector small and medium-sized businesses in Angola. Sectors for business development include energy, oil and gas development, infrastructure, railway and road transportation, supply chain infrastructure, environmental projects, agriculture, health care, water and sanitation, and telecommunications. EXIM agreed to explore options for providing the bank's medium- and long-term guarantees on loans of up to USD 4 billion to support U.S. exports to Angola. For projects that may be eligible for EXIM support, the cooperation between the Ministry of Finance and EXIM would be directed towards qualifying such projects for approval by both institutions.

The Overseas Private Investment Corporation (OPIC), now the U.S. International Development Finance Corporation (DFC), has provided investment insurance to projects in Angola since 1994. U.S. investors can apply for DFC insurance, including coverage under the "Quick Cover" program for projects valued at less than USD 50 million. DFC's portfolio in Angola currently totals USD 20.4 million. Since the agreement, DFC's support has

helped facilitate critical investments in the energy, services, health care, manufacturing, and financial services sectors.

Angola is a member of the Multilateral Investment Guarantee Agency (MIGA), which provides insurance to foreign investors against such risks as expropriation, non-convertibility, and war or civil disturbance. MIGA also provides investment dispute resolution on a case-by-case basis.

13. Foreign Direct Investment and Foreign Portfolio Investment Statistics

| Economic Data | Host Country Statistical source* | | USG or international statistical source | | USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other |
|--|----------------------------------|--------|---|---------|---|
| | Year | Amount | Year | Amount | |
| Host Country Gross Domestic Product (GDP) (\$M USD) | N/A | N/A | 2020 | \$62.72 | www.worldbank.org/en/country |
| Foreign Direct Investment | Host Country Statistical source* | | USG or international statistical source | | USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other |
| U.S. FDI in partner country (\$M USD, stock positions) | N/A | N/A | 2019 | \$-254 | BEA data available at https://apps.bea.gov/international/factsheet/ |
| Host country's FDI in the United States (\$M USD, stock positions) | N/A | N/A | 2019 | N/A | BEA data available at https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data |
| Total inbound stock of FDI as % host GDP | N/A | N/A | 2019 | -4.8% | UNCTAD data available at https://stats.unctad.org/handbook/EconomicTrends/Fdi.html |

Table 3: Sources and Destination of FDI

Data not available.

Table 4: Sources of Portfolio Investment

Data not available.

14. Contact for More Information

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